



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

September 21, 2006

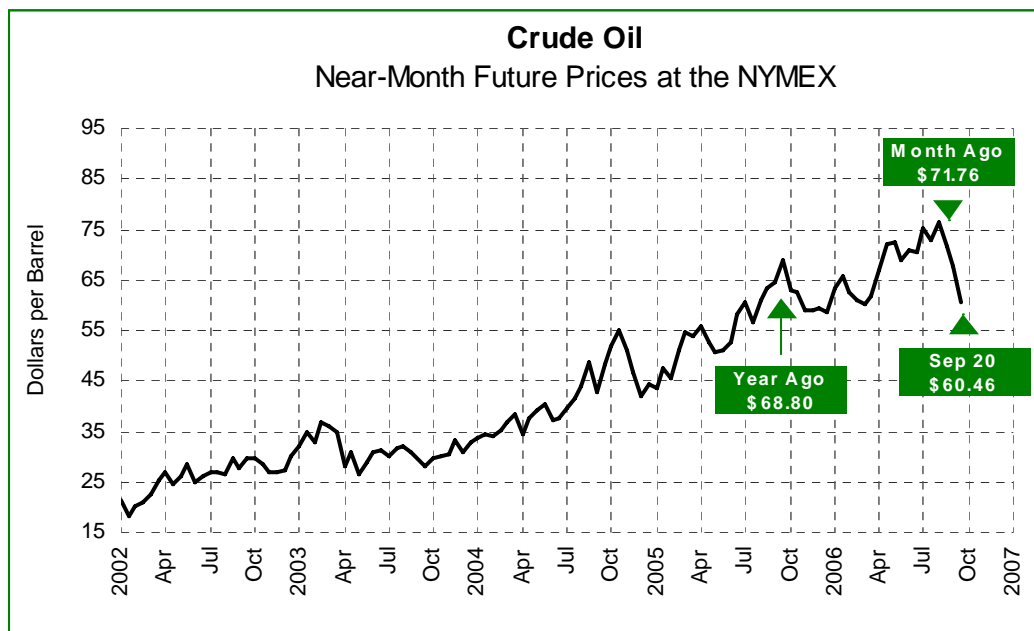
Crude Oil

On September 20, NYMEX oil futures for October delivery settled at \$60.46 per barrel as petroleum inventories continued to grow and nuclear negotiations continued with Iran.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>09-20-06</u>	<u>08-23-06</u>	<u>change</u>	<u>09-21-05</u>	<u>change</u>
NYMEX	\$60.46	\$71.76	down 16%	\$68.80	down 12%

- Crude oil prices settled \$1.20 lower from the previous day at \$60.46 per barrel on Wednesday, September 20 following the U.S. Department of Energy's (USDOE) weekly storage report noting another rise in U.S. gasoline and distillate supplies. Support from the White House to continue negotiations over Iran's uranium enrichment program and OPEC's commitment to continue to produce 28 million barrels of crude daily is helping pressure crude prices lower.
- On Tuesday, September 19, Alaska approved British Petroleum's plans to return East Prudhoe Bay oil field to production by late October. The field has been idle since August when severe pipeline corrosion was discovered following an oil spill that reduced production rates by approximately 200,000 barrels per day.



- At \$60.46 per barrel, crude prices have dropped nearly \$19 per barrel or 23 percent since mid-July's

peak of nearly \$78 and represents the lowest settlement price in the past 6 months.

- For the week, U.S. refineries were again operating at near normal service at 93.4 percent capacity compared to last year's 90.8 percent in the aftermath of Hurricane Katrina. U.S. refineries continued to produce higher volumes of gasoline and distillates pushing refinery inputs 0.2 million barrels higher on a four-week running average to nearly 16 million barrels of crude oil per day, or 0.7 million barrels per day higher when compared to the same period last year.
- U.S. crude oil supplies decreased 2.8 million barrels to 324.9 million barrels for the week ending September 15, according to the USDOE. U.S. crude production remained steady at 5.1 million barrels per day and is significantly higher compared to last year's post-Katrina production at just 4.5 million barrels. Crude imports remained strong last week at 10.6 million barrels per day. At this time last year, crude imports were 9.8 million barrels per day.

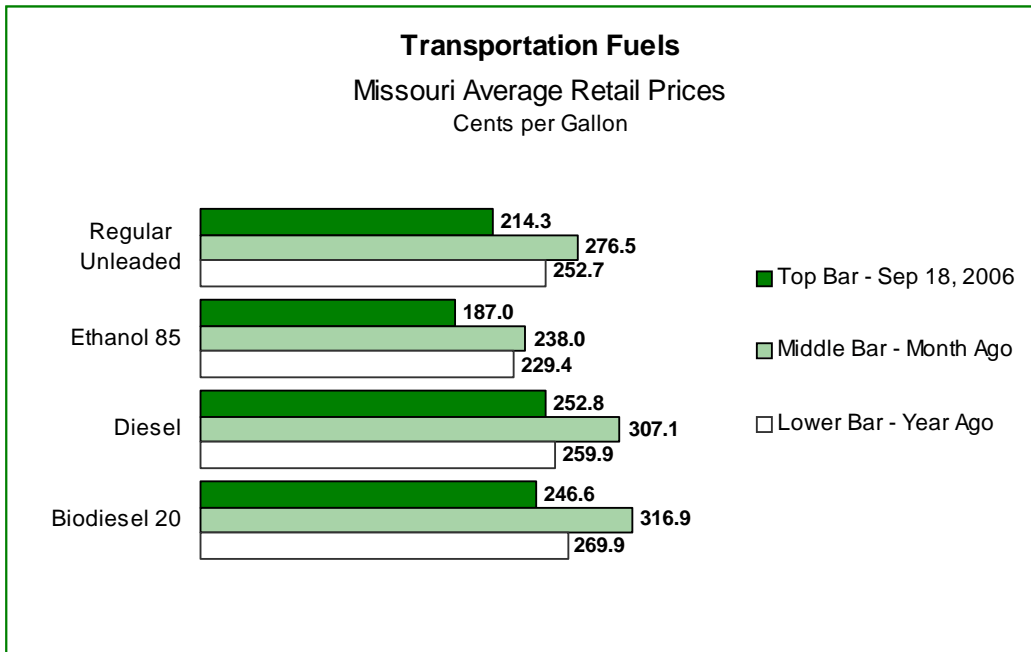
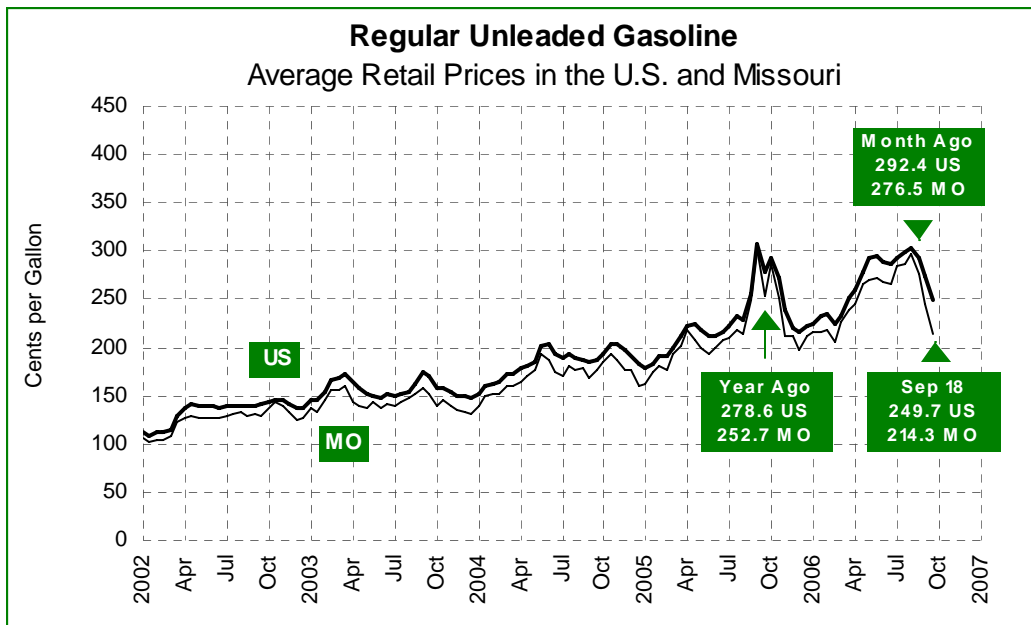
Transportation Fuels

On September 18, Missouri's average retail price for regular unleaded gasoline was \$2.14 per gallon, a decrease of \$0.62 or 22 percent since mid-August and about \$0.38 or 15 percent lower than the average retail price a year ago.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>09-18-06</u>	<u>08-21-06</u>	<u>change</u>	<u>09-19-05</u>	<u>change</u>
US	249.7	292.4	down 15%	278.6	down 10%
Missouri	214.3	276.5	down 22%	252.7	down 15%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>09-18-06</u>	<u>08-21-06</u>	<u>change</u>	<u>09-19-05</u>	<u>change</u>
US	271.3	303.3	down 11%	273.2	down 1%
Missouri	252.8	307.1	down 18%	259.9	down 3%

- On September 18, Missouri's statewide average gasoline retail price was down 63 cents while diesel retail prices decreased 54 cents from last month. Missouri gasoline prices are 15 percent lower while diesel fuel prices are 3 percent lower than August 2005. Missouri's average gasoline price is 35 cents lower than the U.S. average of \$2.50 per gallon and diesel prices are about 19 cents lower than the U.S. average of \$2.71 per gallon.
- Wholesale gasoline prices in Missouri continue to fall along with crude oil prices. Missouri bulk terminal average rack prices are about \$1.60 per gallon (excluding federal and state excise tax), a price level not seen since the beginning of the calendar year.
- On September 18, Missouri's average retail price for E85 (regular gasoline containing 85 percent ethanol) was \$1.87 per gallon, down 51 cents per gallon or 21 percent from last month. At \$1.87 per gallon, E85 is 27 cents or 13 percent lower than the average price of regular unleaded gasoline.
- Distillate stocks built nationally by 4.1 million barrels and storage tanks are filling up in many markets east of the Rocky Mountains. Inventories are up by about 14 million barrels from last year and may lend to an oversupply situation prior to the winter heating season.
- Ultra-low-sulfur diesel (ULSD) output improved last week. Refiners are making about 2.55 million barrels per day of ULSD and supplies increased 2.5 million barrels nationally. Imports added another 280,000 barrels per day of ULSD.



Motor Gasoline - Total Stocks (millions of barrels)					
US	09-15-06	08-18-06	change	09-16-05	change
	207.6	205.8	up 1%	195.4	up 6%

- U.S. gasoline supplies improved 0.6 million barrels from a week ago to 207.6 million barrels and are 12.2 million barrels higher than last year's level at this time, trending above the five-year average.
- Implied demand for gasoline fell last week to 9.2 million barrels per day, in line for this time of year and continuing a downward trend since September 1. Gasoline demand is approximately 4 percent higher compared to the same period last year following Hurricane Katrina and record setting retail prices.

Regular Unleaded Gasoline

Average Retail Prices in the U.S., Midwest, Missouri and Missouri Regions

Sep 18, 2006 Fuel Data in Cents per Gallon

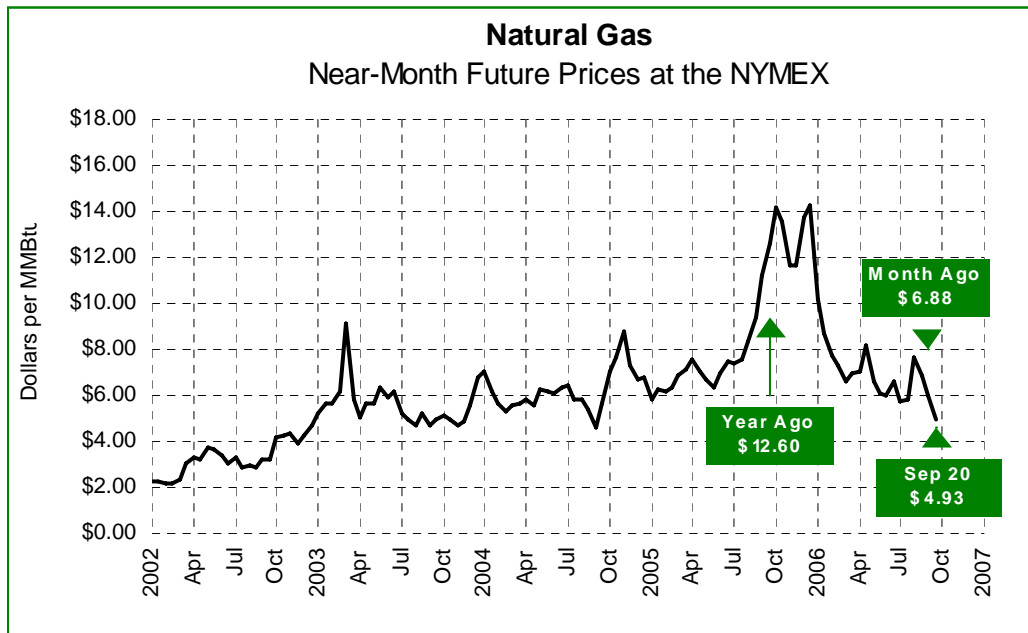
U.S.	249.7
Midwest	231.9
Missouri	214.3
Central, M o.	213.9
Kansas City, M o.	215.7
Northeast, M o.	215.7
Northwest, M o.	218.9
St. Louis, M o.	210.4
Southeast, M o.	214.5
Southwest, M o.	215.2

Natural Gas

On September 20, natural gas futures closed at \$4.93 per MMBtu, down \$1.95 or 28 percent from late August and \$7.67 or 61 percent lower than last year at this time.

Natural Gas - Near Month Future Prices (dollars per mmbtu)

	<u>09-20-06</u>	<u>08-23-06</u>	<u>change</u>	<u>09-21-05</u>	<u>change</u>
NYMEX	\$4.93	\$6.88	down 28%	\$12.60	down 61%



- The NYMEX futures contract for October delivery settled at \$4.93 per MMBtu on Wednesday, September 20, down 52 cents or 10 percent on the week. Prices were down \$7.67 representing a 61 percent decrease in the settlement price of \$12.60 a year ago at this time. A variety of market

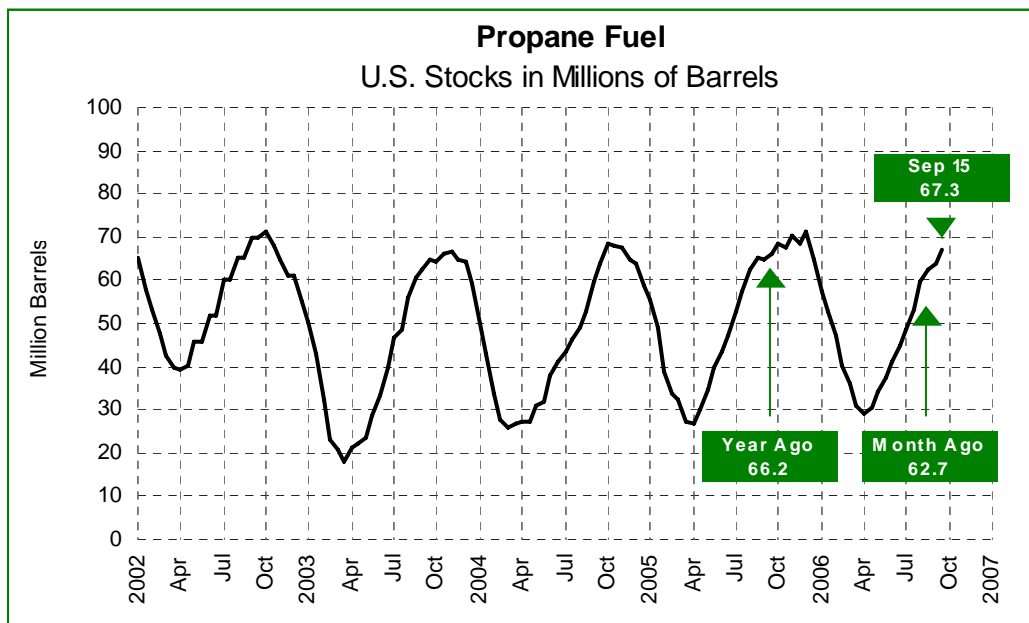
influences, including falling crude oil prices, ample natural gas storage inventories, and moderate weather, placed significant downward pressure on natural gas spot prices last week.

- The futures contracts for January through March 2007 have weakened significantly. The February 2007 contract closed at \$8.24, a decline of \$2.38 per MMBtu in just two weeks.
- Working gas in storage as of September 15 totaled 3,177 Bcf, which is 12.5 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. Supplies were 356 Bcf higher than last year at this time and 352 Bcf above the 5-year average of 2,825 Bcf.

Propane (Please note that Missouri summer propane prices are updated monthly from April – September)

On September 4, Missouri's average residential price for propane was nearly \$1.64 per gallon, an increase of 1 cent from last month and 6.5 cents or 4 percent from this time last year.

Propane - Residential Prices (cents per gallon)					
	<u>09-04-06</u>	<u>08-07-06</u>	<u>change</u>	<u>09-05-05</u>	<u>change</u>
Missouri	163.8	162.8	up 1%	157.3	up 4%



- According to the Missouri Energy Center's monthly summer propane survey, the average retail price for residential propane was approximately \$1.64 per gallon on September 5 compared to \$1.63 per gallon on August 7. The current price is 6.5 cents or 4 percent higher than at this time last year.
- About 1.6 million barrels of propane were added to the nation's inventory and now stands at 67.3 million barrels as of September 15. Current U.S. propane supplies are 1 million barrels higher than at this time last year. Midwest inventories improved by 0.4 million barrels to nearly 26.5 million barrels last week compared to 23.6 million barrels at this time last year.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Energy Center, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-

